

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7298**

**BILL NUMBER:** HB 1872

**NOTE PREPARED:** Jan 18, 2003

**BILL AMENDED:**

**SUBJECT:** Wabash River Bridges.

**FIRST AUTHOR:** Rep. Weinzapfel

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill requires the Indiana Transportation Finance Authority (ITFA) to purchase the bridge crossing the Wabash River on State Highway 66. It provides for the operation of the bridge under the laws governing the operation and financing of bridges into adjoining states. The bill allows money collected from the use of the bridge in Mount Vernon to be used for the acquisition of the bridge on State Highway 66.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** According to the ITFA, their only available resource to purchase the bridge, operate and maintain it, would be from toll revenue. However, the potential toll revenue would be insufficient to issue and support bond payments. The ITFA noted that they cannot legally use monies appropriated for debt service payments of other projects to support repairs to the New Harmony Bridge.

*Background Information provided by ITFA:*

**History of Bridge**

The toll bridge was built in 1930 connecting Posey County in Indiana with White County in Illinois by a private company with authorization from the U.S. Congress. In 1941, Congress created the White County Bridge Commission to operate and maintain the bridge with the intent to transfer ownership to the states of Indiana and Illinois as a toll-free bridge once all bonds relating to the bridge were paid off. An offer to transfer the bridge in 1955 was rejected by the states on the grounds that the bridge was not in sound structural condition. The Federal Highway Administration (FHWA) had oversight of the Commission until 1998 when that oversight was dissolved with the passage of the transportation act, TEA-21. At that time,

FHWA approached the Commission and Illinois Department of Transportation (IDOT) and INDOT to develop a transition program of the Commission to the two states. IDOT and INDOT again rejected taking over the bridge because it does not meet current standards, but agreed that if Congress provided funding for the replacement of the bridge, they would accept joint responsibility for the bridge. An appropriation request in the amount of \$3.1 M was submitted by Congressional members of both Illinois and Indiana for FY 2003.

In November of 1999, State Road 69 opened between State Road 66 and I-64, providing a direct link between the Mt. Vernon Port and I-64, reducing truck traffic over the bridge by 65% and auto traffic by 16%. In light of decreasing revenue and the inability to perform necessary maintenance needs to maintain the safety of the bridge, the Commission announced in October 2001 that the bridge would have to close by the end of the year. The Illinois Department of Commerce and Community Affairs granted the Commission \$120,000 for bridge repairs and maintenance to keep the bridge open while a solution for bridge funding was sought. The Commission also raised tolls on the bridge effective January 1, 2002, doubling rates to \$1.00 for cars, \$1.50 for 2-axle trucks, and \$3.00 for semis. However, total vehicle traffic was down more than 25% for the first seven months of 2002, likely in response to the rate increase.

### **Traffic Analysis**

	1998	1999	2000	2001	2002 Through July
<b>Truck Traffic</b>	37,311	37,002	13,122	11,146	3,714
<b>Auto Traffic</b>	675,726	678,803	570,622	531,654	233,409
<b>Total Traffic</b>	713,037	715,805	583,744	542,800	237,123
<b>% Change</b>		.4%	-18.4%	-7.0%	-25.53%*

\* % Change over Jan-July 2001

### **Commission's Revenue and Expenses**

	1998	1999	2000	2001	Estimated 2002
<b>Toll Revenue</b>	410,517	411,670	307,469	286,134	346,802
<b>Other Income</b>	19,689	12,969	16,160	14,260	8,000
<b>Total Revenue</b>	430,206	424,639	323,629	300,394	354,802
<b>Operating Expenses</b>	266,788	269,289	270,713	262,880	279,500
<b>Maintenance Expense</b>	172,587	310,141	31,943	63,435	200,000
<b>Net Income (Loss)</b>	(9,169)	(154,791)	20,974	(25,921)	(124,691)

The Commission has been operating at a loss since 1998 and greatly curtailed maintenance expense in 2000 and 2001 in response to falling revenue. Even with the increase in tolls and the \$120,000 grant from Illinois, the Commission still expects to end 2002 in the red. The Commission's 2001 financial statements indicate that there was \$191,195 of cash on hand on December 31, 2001. The resources of the Commission suggest that money is not available for major rehabilitation or repair needs for the bridge.

### **Maintenance Needs**

In July 2001, INDOT engaged an engineering firm to conduct an inspection and prepare cost estimates for

rehabilitation of the bridge. The report indicated that portions of the bridge were reconstructed in 1962 and the east abutment bridge seat was reconstructed in 1997. The original bridge deck has been maintained in all spans except for the 1962 reconstruction. The report stated, "Overall, the bridge is judged to be in fair to serious condition with advanced section loss and deterioration having affected primary structural components. With some exceptions, the most serious conditions appear to be relatively consistent throughout the entire length of the structure...It is our opinion that this bridge is near the end of its useful life, unless significant structural repairs are made in the immediate and near (short-term) future." The report defined immediate as within 30-60 days and short-term as within 12 to 18 months. Immediate repairs of \$66,000 were identified to keep the bridge in operation, and short-term repairs totaling \$2,286,000 were identified to extend the useful life another five to ten years. The report goes on to recommend that, "Reconstruction of the existing structure for more than 10 years of service is not considered feasible, and is not recommended due to the inadequate horizontal clearances that render the main truss spans functionally obsolete." The report estimates the cost of a new bridge between \$15 and \$20 M, which does not include any cost of road reconstruction, additional right-of-way, or demolition of existing bridge.

### **Financial Resources of ITFA**

The legislation suggests that ITFA can use resources from the Wabash Memorial Toll Bridge to purchase the bridge. In FY2002, the Wabash Toll Bridge collected \$832,215 in toll receipts and interest income and incurred \$474,887 in operating expenses, earning \$357,327 in net income. The bridge also had \$4,200,873 of cash on hand as of June 30, 2002. However, INDOT has identified almost \$15 M in necessary rehabilitation and improvements to the Wabash Bridge over the next two years. INDOT expects to use all available cash plus the balance of the Interstate Bridge Fund (\$6,098,357) to fund the needed repairs. In short, both the Interstate Bridge Fund and Wabash Memorial Toll Bridge account will be depleted by the end of the next biennium. ITFA would need a new appropriation to purchase and repair the New Harmony Bridge.

Alternatively, ITFA could issue revenue bonds backed by the tolls on the bridge to meet the repair/replacement needs of the bridge. However, tolls would have to be increased dramatically. The history of declining traffic over the bridge and the toll increase required to back such bonds, causing even more traffic to use alternative routes, would make the issuance of such bonds economically infeasible.

### **Explanation of State Revenues:**

### **Explanation of Local Expenditures:**

### **Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Transportation Finance Authority; Department of Transportation.

**Local Agencies Affected:** Posey County.

**Information Sources:** Steffanie Rhinesmith, Financial Analyst, Indiana Transportation Finance Authority; 233-4332.

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